



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2011 Biennium

Bill #	HB0353	Title:	Revise foster care rates
Primary Sponsor:	Hunter, Chuck	Status:	As Introduced

- | | | |
|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact | <input checked="" type="checkbox"/> Needs to be included in HB 2 | <input type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

FISCAL SUMMARY

	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>	<u>FY 2012 Difference</u>	<u>FY 2013 Difference</u>
Expenditures:				
General Fund	\$869,430	\$1,803,725	\$1,964,578	\$2,127,305
Federal Special Revenue	\$545,857	\$1,142,146	\$1,302,433	\$1,463,350
Revenue:				
Federal Special Revenue	\$545,857	\$1,142,146	\$1,302,433	\$1,463,350
Net Impact-General Fund Balance:	<u>(\$869,430)</u>	<u>(\$1,803,725)</u>	<u>(\$1,964,578)</u>	<u>(\$2,127,305)</u>

Description of fiscal impact: (In a few short sentences, describe.)

HB 353 statutorily establishes minimum rates for payments for youth placed in foster care.

FISCAL ANALYSIS

Assumptions:

Department of Corrections

- In FY 2009, the Department of Corrections juvenile parole bureau had one youth in kinship foster care for a total of 163 days. Youth Court probation had 23 placements in FY 2008 for a total of 1,715 care days. Currently the department pays \$19.16 per day. The proposal will increase the daily rate to \$24.69 (\$751 x 12 months/365).
- Total cost to the department would be 1,878 days at a cost of \$5.53 for a total cost of \$10,385.

Department of Health and Human Services

3. The projected number of paid foster care days for FY 2009 is 395,935. The number of paid foster care days will increase by 3% each year thereafter.
4. The Child & Family Services Division (CFSD) makes payments for foster care based on a daily reimbursement rate. The daily reimbursement rates for the rates established in the bill is as follows:

	HB 353			Current	Increase Amount	
	Daily rate	Monthly rate	Yearly rate	Current Daily Rate	1/2 in FY 2010	Full Amount FY 2011-13
Ages 0 - 4	\$19.66	\$598	\$7,176	\$16.22	\$1.72	\$3.44
Ages 5-13	\$22.52	\$685	\$8,220	\$16.22	\$3.15	\$6.30
Ages 14+	\$24.69	\$751	\$9,012	\$19.52	\$2.59	\$5.17

5. The average cost per day for FY 2009 is \$16.22 for ages 0 – 12 & \$19.52 for ages 13 and over. The cost per day increase is calculated using the difference of the current average cost per day and the new rates established in the bill, as follows:

	Cost/Day Increase FY 2010	Days of Care FY 2010	Total Cost FY 2010	Cost/Day Increase FY 2011	Days of Care FY 2011	Total cost FY 2011	Days of Care FY 2012	Total cost FY 2012	Days of Care FY 2013	Total cost FY 2013
Ages 0 - 4	1.72	142,734	\$245,502	\$3.44	147,016	\$505,735	151,427	\$520,909	155,969	\$536,533
Ages 5-13	3.15	171,281	\$539,535	\$6.30	176,419	\$1,111,440	181,712	\$1,144,786	187,163	\$1,179,127
Ages 14+	2.59	93,797	\$242,934	\$5.17	96,611	\$499,479	99,509	\$514,462	102,495	\$529,899
Total			\$1,027,972			\$2,116,654		\$2,180,156		\$2,245,559
Avg daily rate			\$2.52			\$5.04		\$5.04		\$5.04

6. The foster care reimbursements are funded using a combination of funding sources such as general fund & Title IV E, which is determined based on a blend of over 200 service codes. The estimated funding for the foster care reimbursement is as follows:

Fiscal Year	Total Reimbursement Cost	General Fund %	General Fund	Federal %	Federal Share	Total Funds
FY 2010	\$1,027,972	66.70%	\$685,657	33.30%	\$342,315	\$1,027,972
FY 2011	\$2,116,656	66.93%	\$1,416,678	33.07%	\$699,978	\$2,116,656
FY 2012	\$2,180,156	66.93%	\$1,459,178	33.07%	\$720,977	\$2,180,156
FY 2013	\$2,245,560	66.93%	\$1,502,953	33.07%	\$742,607	\$2,245,560

7. Increases in Foster Care rates also affect payments made for Adoption Subsidies. Adoption Subsidies are negotiated at a maximum of \$10/month less than foster care. It is estimated that 150 new adoption subsidies will be added in each year of the biennium. The cost per day increase is calculated using the average daily increase of cost across all age groups for each year, as follows:

Fiscal Year	HB 353 daily rate increase (avg)	# of new contracts for Subsidies each year	Total compounded cost
FY 2010	\$2.52	150	\$119,970
FY 2011	\$5.04	150	\$377,910
FY 2012	\$5.04	150	\$635,850
FY 2013	\$5.04	150	\$893,790

8. The Child and Family Services Division also re-negotiates subsidy agreements upon request of the adoptive parents. The division is currently making payments on approximately 2,100 subsidy agreements. Because many of the agreements were originally negotiated many years ago, it is expected the older agreements will be re-negotiated up to the current foster care rates, less \$10/mo. It is estimated that 200 agreements will be re-negotiated in each year of the biennium. The FY 2010 increase of \$3.52 includes \$2.52 for the foster care increase and \$1.00 day because the original subsidies were negotiated many years ago at lower rates. The FY 2011 increase of \$6.04 includes \$5.04 for the foster care increase and \$1.00 day for the older contracts with lower rates. The costs for renegotiated subsidy agreements is as follows:

Fiscal Year	HB 353 daily rate increase (avg) + \$1	# of Subsidies	Total cost
FY 2010	\$3.52	200	\$256,960
FY 2011	\$6.04	200	\$440,920
FY 2012	\$6.04	200	\$440,920
FY 2013	\$6.04	200	\$440,920

9. Adoption subsidies are funded with Title IV E and general fund, based on eligibility. It is estimated that 80% will qualify for Title IV E, and the remaining 20% will be funded with general fund. The estimated funding for adoption subsidies is as follows:

Fiscal Year	Total Subsidies	General Fund %	General Fund	Federal %	Federal Share	Total Funds
FY 2010	\$376,930	46.00%	\$173,388	54.00%	\$203,542	\$376,930
FY 2011	\$818,830	46.00%	\$376,662	54.00%	\$442,168	\$818,830
FY 2012	\$1,076,770	46.00%	\$495,314	54.00%	\$581,456	\$1,076,770
FY 2013	\$1,334,710	46.00%	\$613,967	54.00%	\$720,743	\$1,334,710

10. The grand total for foster care reimbursement and adoption subsidies is as follows:

Fiscal Year	State Share	Federal Share	Total Funds
FY 2010	\$859,045	\$545,857	\$1,404,902
FY 2011	\$1,793,340	\$1,142,146	\$2,935,486
FY 2012	\$1,954,492	\$1,302,433	\$3,256,926
FY 2013	\$2,116,920	\$1,463,350	\$3,580,270

	<u>Difference</u>	<u>Difference</u>	<u>Difference</u>	<u>Difference</u>
<u>Fiscal Impact:</u>				
Department of Corrections				
<u>Expenditures:</u>				
Operating Expenses	\$10,385	\$10,385	\$10,385	\$10,385
<u>Funding of Expenditures:</u>				
General Fund (01)	\$10,385	\$10,385	\$10,385	\$10,385
Department of Public Health and Human Services				
<u>Expenditures:</u>				
Benefits	\$1,404,902	\$2,935,486	\$3,256,926	\$3,580,270
<u>Funding of Expenditures:</u>				
General Fund (01)	\$859,045	\$1,793,340	\$1,954,193	\$2,116,920
Federal Special Revenue (03)	\$545,857	\$1,142,146	\$1,302,433	\$1,463,350
TOTAL Funding of Exp.	\$1,404,902	\$2,935,486	\$3,256,626	\$3,580,270
<u>Revenues:</u>				
Federal Special Revenue (03)	\$545,857	\$1,142,146	\$1,302,433	\$1,463,350
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	(\$869,430)	(\$1,803,725)	(\$1,964,578)	(\$2,127,305)

Long-Term Impacts:

1. This bill will have a long range impact because foster care rates would be increased/decreased by the CPI in years after FY 2011. Amount is unknown because the future CPI increases are unknown. For the purpose of this fiscal note the CPI was held constant from FY 2011 through FY 2013.

*Sponsor's Initials*_____
*Date*_____
*Budget Director's Initials*_____
Date